



Department of Justice

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JUSTICE DEPARTMENT SETTLES MERGER LAWSUIT WITH WASTE MANAGEMENT AND EASTERN ENVIRONMENTAL SERVICES

Companies Agree to Sell Operations in New York, Pennsylvania, Florida

WASHINGTON, D.C. -- The Department of Justice and three state attorneys general today reached a settlement that will allow Waste Management Inc. to go forward with its \$1.2 billion dollar acquisition of Eastern Environmental Services Inc., after the companies agreed to sell waste collection and/or disposal operations in three states—New York, Pennsylvania, Florida—covering nine markets. In addition, Eastern must sell its pending proposal to be awarded part of a \$6 billion contract to dispose of New York City's residential waste.

Today's agreement settles a lawsuit filed, November 17, 1998, that sought to block Waste Management's proposal to acquire Eastern. State attorneys general for New York, Florida, and the Commonwealth of Pennsylvania joined the Department's Antitrust Division in bringing the lawsuit.

"Without this settlement, residents and businesses in many local markets would have paid higher prices for waste collection and disposal," said Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division. "The merger would have reduced from three to two the number of competitors for the \$6 billion, 20-year contract to dispose of New York City's residential waste, and would have undermined the city's ability to obtain a competitive

price and favorable terms. The settlement ensures the taxpayers of New York City will not suffer from the loss in competition had the merger be completed without this divestiture.”

According to the complaint, the Department said the proposed merger would have substantially lessened competition for waste collection or waste disposal services in nine markets, including the disposal of New York City’s residential waste following the closure of the city’s only landfill in 2001. In many of these markets, the combination of Waste Management and Eastern would have left only two major competitors. As a result, the competitors would have been able to coordinate their pricing and more easily raise the prices they charge customers.

The settlement, filed in U.S. District Court in Brooklyn, includes divestiture of waste collection and/or disposal operations in New York City; Pittsburgh, Bethlehem/Allentown, Chambersburg-Carlisle, and Scranton, Pennsylvania; Miami-Ft. Lauderdale, and suburban Tampa, Florida. In addition, the settlement allows Republic Services Inc., or another purchaser, to immediately acquire Eastern’s pending proposal to dispose of New York City’s residential waste.

Waste collection and disposal firms contract to collect municipal solid waste (*i.e.*, trash and garbage) from residential and commercial customers. They transport the waste to disposal facilities such as transfer stations, incinerators and landfills, which process and legally dispose of waste for a fee. Waste Management and Eastern compete both in waste collection and waste disposal facilities.

Waste Management Inc., based in Houston, is the largest waste collection and disposal company in the United States with annual sales in excess of \$12 billion.

Eastern Environmental Services Inc., headquartered in Mt. Laurel, New Jersey, has annual sales of approximately \$95 million. It is a large regional rival, with its principal operations in Pennsylvania, New Jersey, New York and Florida.

As required by the Tunney Act, the proposed settlement will be published in the Federal Register along with the Department's competitive impact statement. Any person may submit written comments concerning the proposed settlement during a 60-day comment period to J. Robert Kramer, II, Chief, Litigation II Section, Antitrust Division, U.S. Department of Justice, 1401 H Street, NW, Suite 3000, Washington, DC 20530 (202/307-0924). At the conclusion of the 60-day comment period, the U.S. District Court for the Eastern District of New York may enter the consent decree upon finding that it serves the public interest.

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